

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL**  
**FOR: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER:

0 0 — 0 1 6

2. STATE:

CA

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL  
SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

January 1, 2001

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR Sections 430.10, 447.201, 447.200 447.203  
USC Section 1396A(a)(3)

7. FEDERAL BUDGET IMPACT:

a. FFY 2000-2001 \$ 2.9 million  
b. FFY \$

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Limitations on Attac. 3.1-A, pgs 20, 20a, 20b  
  
Limitations on Attach. 3.1-B, pgs 20, 20a, 20b  
Supp. 3 to Attach. 3.1-A, pgs 3 & 4  
Supp. 3 to Attach. 3.1-B, pgs 1 & 2  
Attach. 4.19-B, pages 38-41

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (If Applicable):

Limitations on Attach. 3.1-A, pgs 20, 20a  
Limitations on Attach. 3.1-B, pgs. 20, 20a  
Supp. 3 to Attach. 3.1-A, pgs 3 & 4  
Supp. 3 to Attach. 3.1-B, pgs 1 & 2  
Attach. 4.19-B, pages 38-42

10. SUBJECT OF AMENDMENT:

Expansion of Drug Medi-Cal Day Care Habilitative Treatment Services to all Persons with  
a Substance Abuse Diagnosis

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED:

The Governor's Office does not wish to  
review state plan amendments

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

Gail L. Margolis

14. TITLE:

Deputy Director

15. DATE SUBMITTED:

11/22/00

16. RETURN TO:

Department of Health Services  
Attn: State Plan Coordinator  
714 P Street, Room 1640  
Sacramento, CA 95814

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

November 22, 2000

18. DATE APPROVED:

2/17/01

**PLAN APPROVED - ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL:

January 1, 2001

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

Linda Minamoto

22. TITLE: Associate Regional Administrator  
Division of Medicaid

23. REMARKS:

# STATE PLAN CHART

(Note: This chart is an overview only.)

Limitations on Attachment 3.1-A

## PRIOR AUTHORIZATION OR OTHER REQUIREMENTS\*

## PROGRAM COVERAGE\*\*

## TYPE OF SERVICE

13.d.4 Rehabilitative mental health services (continued)

Short-Doyle/Medi-Cal rehabilitative mental health services are provided in the least restrictive setting appropriate for maximum reduction of psychiatric impairment, restoration of functioning, consistent with requirements for learning and development, and/or independent living and enhanced self-sufficiency.

Services are based on medical necessity and in accordance with a coordinated client plan signed by a licensed practitioner of the healing arts.

13.d.5 Substance Abuse Treatment Services

Narcotic treatment program services, including outpatient methadone maintenance and/or levoalphacetyl/methadol (LAAM), are covered under Drug Medi-Cal (DMC) when prescribed by a physician as medically necessary to alleviate the symptoms of withdrawal from opioids.

Prior authorization is not required. Post-service periodic reviews are conducted by the Department of Alcohol and Drug Programs (ADP) pursuant to an interagency agreement with the Department of Health Services (DHS), the Single State Agency. Reviews include an evaluation of medical necessity, frequency of services, appropriateness and quality of care, and examination of clinical charts and reimbursement claims.

Naltrexone provided as an outpatient treatment service directed at serving detoxified opioid addicts is covered under DMC when prescribed by a physician as medically necessary. Pregnant beneficiaries are precluded from receiving these services.

Same as above.

\* Prior authorization is not required for emergency services.

\*\* Coverage is limited to medically necessary services.

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TN No. 00-016  
Supersedes TN No. 97-005

Approval Date: JUL 17 2001

Effective Date: JAN - 1 2001

# STATE PLAN CHART

(Note: This chart is an overview only.)

Limitations on Attachment 3.1-A

TYPE OF SERVICE	PROGRAM COVERAGE**	PRIOR AUTHORIZATION OR OTHER REQUIREMENTS*
13.d.5 Substance Abuse Treatment Services (continued)	Outpatient drug free treatment services to stabilize and rehabilitate patients who have a substance-related disorder diagnosis are covered under DMC when prescribed by a physician as medically necessary.	Same as above, except in those cases where additional EPSDT services (beyond those available under ADP regulations) are needed for individuals under 21, services are available subject to prior authorization by DHS.
	Day care rehabilitative treatment services provided to patients a minimum of three hours per day, three days a week, are covered under DMC when prescribed by a physician as medically necessary.	Prior authorization is not required. Post-service periodic reviews are conducted by ADP pursuant to an interagency agreement with DHS, the Single State Agency. Reviews include an evaluation of medical necessity, frequency of services, appropriateness and quality of care, and examination of clinical charts and reimbursement claims.
	See Supplement 2 to Attachment 3.1-A and Enclosure 1 for a description of substance abuse treatment services for pregnant and postpartum women.	

\* Prior authorization is not required for emergency services.  
 \*\* Coverage is limited to medically necessary services.

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# STATE PLAN CHART

(Note: This chart is an overview only.)

Limitations on Attachment 3.1-A

PRIOR AUTHORIZATION OR  
OTHER REQUIREMENTS\*

PROGRAM COVERAGE\*\*

TYPE OF SERVICE

14.a. Services for individuals age  
65 or older in institutions for  
tuberculosis

See 1, 4a, 15

See 1, 4a, 15.

14.b. Services for individual age  
65 or older in institutions for  
mental diseases

See 1, 4a, 15.

See 1, 4a, 15.

\* Prior authorization is not required for emergency services.

\*\* Coverage is limited to medically necessary services.

- 20 b-

TN No. 00-016

Supercedes TN No. ~~97-005~~ N/A

PJ D

JUL 17 2001

Approval Date:

JAN - 1 2001

Effective Date:

State/Territory: California

AMOUNT, DURATION, AND SCOPE OF MEDICAL AND REMEDIAL CARE AND  
SERVICES PROVIDED TO THE CATEGORICALLY NEEDY

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LIMITATION ON SERVICES

13.d.5 Substance Abuse Treatment Services

Substance abuse treatment services are to stabilize and rehabilitate Medi-Cal beneficiaries who are diagnosed by physicians or other licensed practitioners of the healing arts, within the scope of their practices, as having a substance-related disorder. Substance abuse treatment services are provided by certified substance abuse treatment clinics, their certified satellite sites, or certified perinatal residential substance abuse programs; are based on medical necessity; and are provided in accordance with a coordinated patient, treatment or service plan approved by a licensed physician, excluding crisis services for which a service plan is not required. Services include:

- Day Care Rehabilitative Treatment
- Naltrexone Treatment
- Narcotic Treatment Program
- Outpatient Drug Free Treatment
- Perinatal Residential Substance Abuse Services
- Substance Abuse Treatment Services Provided to Pregnant and Postpartum Women as Described in Supplement 2 to Attachment 3.1-A and Enclosure 1.

Provider Qualifications

Stabilization and rehabilitation services are provided by qualified certified substance abuse treatment clinics, their certified satellite sites, or certified perinatal residential substance abuse programs that agree to abide by the definitions, rules, and requirements for stabilization and rehabilitation services established by the Department of Alcohol and Drug Programs in conjunction with the Department of Health Services, and that sign a provider agreement to serve all persons for whom these services are medically necessary.

Services are provided by or under the supervision of a qualified substance abuse treatment professional functioning within the scope of his/her practice. A qualified substance abuse treatment professional means any provider

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TN No. 97-005

Approval Date: JUL 17 2001

Effective Date: JAN - 1 2001

State/Territory: California**AMOUNT, DURATION, AND SCOPE OF MEDICAL AND REMEDIAL CARE AND  
SERVICES PROVIDED TO THE CATEGORICALLY NEEDY**

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qualified under the Medi-Cal program that has specialized training as required by State law and Medi-Cal regulations.

Assurances

The State assures that substance abuse treatment services shall be available to all children found to be eligible under the provisions of Social Security Act section 1905(r)(5).

The State assures that the Single State Agency shall not delegate to any other State Agency the authority and responsibilities described in 42 CFR section 431.10(e).

The State assures that all Medicaid program requirements regarding free choice of providers as defined in 42 CFR 431.51 shall be adhered to.

The State assures that Perinatal Residential Substance Abuse Services are not provided in facilities that are Institutes for Mental Diseases.

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# STATE PLAN CHART

(Note: This chart is an overview only.)

Limitations on Attachment 3.1-B

## PRIOR AUTHORIZATION OR OTHER REQUIREMENTS\*

## PROGRAM COVERAGE\*\*

## TYPE OF SERVICE

13.d.4 Rehabilitative mental health services (continued)	Short-Doyle/Medi-Cal rehabilitative mental health services are provided in the least restrictive setting appropriate for maximum reduction of psychiatric impairment, restoration of functioning consistent with requirements for learning and development, and/or independent living and enhanced self-sufficiency.	Services are based on medical necessity and in accordance with a coordinated client plan signed by a licensed practitioner of the healing arts.
13.d.5 Substance Abuse Treatment Services	Narcotic treatment program services, including outpatient methadone maintenance and/or levoalphacetylmethadol (LAAM), are covered under Drug Medi-Cal (DMC) when prescribed by a physician as medically necessary to alleviate the symptoms of withdrawal from opioids.	Prior authorization is not required. Post-service periodic reviews are conducted by the Department of Alcohol and Drug Programs (ADP) pursuant to an interagency agreement with the Department of Health Services (DHS), the Single State Agency. Reviews include an evaluation of medical necessity, frequency of services, appropriateness and quality of care, and examination of clinical charts and reimbursement claims.
	Naltrexone provided as an outpatient treatment service directed at serving detoxified opioid addicts is covered under DMC when prescribed by a physician as medically necessary. Pregnant beneficiaries are precluded from receiving these services.	Same as above.

\* Prior authorization is not required for emergency services.

\*\* Coverage is limited to medically necessary services.

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# STATE PLAN CHART

(Note: This chart is an overview only.)

Limitations on Attachment 3.1-B

## PRIOR AUTHORIZATION OR OTHER REQUIREMENTS\*

### PROGRAM COVERAGE\*\*

### TYPE OF SERVICE

13.d.5 Substance Abuse  
Treatment Services (continued)

Outpatient drug free treatment services to stabilize and rehabilitate patients who have a substance-related disorder diagnosis are covered under DMC when prescribed by a physician as medically necessary.

Same as above, except in those cases where additional EPSDT services (beyond those available under ADP regulations) are needed for individuals under 21, services are available subject to prior authorization by DHS.

Day care rehabilitative treatment services provided to patients a minimum of three hours per day, three days a week, are covered under DMC when prescribed by a physician as medically necessary.

Prior authorization is not required. Post-service periodic reviews are conducted by ADP pursuant to an interagency agreement with DHS, the Single State Agency. Reviews include an evaluation of medical necessity, frequency of services, appropriateness and quality of care, and examination of clinical charts and reimbursement claims.

See Supplement 2 to Attachment 3.1-A and Enclosure 1 for a description of substance abuse treatment services for pregnant and postpartum women.

\* Prior authorization is not required for emergency services.  
\*\* Coverage is limited to medically necessary services.

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# STATE PLAN CHART

(Note: This chart is an overview only.)

Limitations on Attachment 3.1-B

PRIOR AUTHORIZATION OR  
OTHER REQUIREMENTS\*

PROGRAM COVERAGE\*\*

TYPE OF SERVICE

14.a. Services for individuals age  
65 or older in institutions for  
tuberculosis

See 1, 4a, 15

See 1, 4a, 15.

14.b. Services for individual age  
65 or older in institutions for  
mental diseases

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See 1, 4a, 15.

\* Prior authorization is not required for emergency services.

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State/Territory: CaliforniaAMOUNT, DURATION, AND SCOPE OF SERVICES PROVIDED TO MEDICALLY  
NEEDY GROUPS(S)

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## LIMITATION ON SERVICES

## 13.d.5 Substance Abuse Treatment Services

Substance abuse treatment services are to stabilize and rehabilitate Medi-Cal beneficiaries who are diagnosed by physicians or other licensed practitioners of the healing arts, within the scope of their practices, as having a substance-related disorder. Substance abuse treatment services are provided by certified substance abuse treatment clinics, their certified satellite sites, or certified perinatal residential substance abuse programs; are based on medical necessity; and are provided in accordance with a coordinated patient , treatment or service plan approved by a licensed physician, excluding crisis services for which a service plan is not required. Services include:

- Day Care Rehabilitative Treatment
- Naltrexone Treatment
- Narcotic Treatment Program
- Outpatient Drug Free Treatment
- Perinatal Residential Substance Abuse Services
- Substance Abuse Treatment Services Provided to Pregnant and Postpartum Women as Described in Supplement 1 to Attachment 3.1-B and Enclosure 1.

Provider Qualifications

Stabilization and rehabilitation services are provided by qualified certified substance abuse treatment clinics, their certified satellite sites, or certified perinatal residential substance abuse programs that agree to abide by the definitions, rules, and requirements for stabilization and rehabilitation services established by the Department of Alcohol and Drug Programs in conjunction with the Department of Health Services, and that sign a provider agreement to serve all persons for whom these services are medically necessary.

Services are provided by or under the supervision of a qualified substance abuse treatment professional functioning within the scope of his/her practice. A qualified substance abuse treatment professional means any provider

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State/Territory: CaliforniaAMOUNT, DURATION, AND SCOPE OF SERVICES PROVIDED TO MEDICALLY  
NEEDY GROUPS(S)

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qualified under the Medi-Cal program that has specialized training as required by State law and Medi-Cal regulations.

Assurances

The State assures that substance abuse treatment services shall be available to all children found to be eligible under the provisions of Social Security Act section 1905(r)(5).

The State assures that the Single State Agency shall not delegate to any other State Agency the authority and responsibilities described in 42 CFR section 431.10(e).

The State assures that all Medicaid program requirements regarding free choice of providers as defined in 42 CFR 431.51 shall be adhered to.

The States assures that Perinatal Residential Substance Abuse Services are not provided in facilities that are Institutes for Mental Diseases.

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State/Territory: California

Citation

Condition or Requirement

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## REIMBURSEMENT FOR DRUG MEDI-CAL SERVICES

The policy of the State Agency is that reimbursement for Drug Medi-Cal (DMC) services shall be limited to the lowest of the county or contract provider's published or customary charge to the general public for providing the same or similar services, the provider's allowable costs of rendering these services, or the Statewide Maximum Allowances (SMA). For Narcotic Treatment Programs, reimbursement is limited to the lower of the provider's published or customary charge to the general public for the same or similar services, or the uniform statewide monthly reimbursement rate established in Section D below, as defined by the State Department of Alcohol and Drug Programs (ADP) and approved by the Department of Health Services (DHS). In no case shall payments exceed SMA.

### A. DEFINITIONS

"Published charges" are usual and customary charges prevalent in the alcohol and drug treatment services sector that are used to bill the general public, insurers, and other non-Title XIX payers. (42 CFR 447.271 and 405.503(a)).

"Statewide maximum allowances" (SMA) are upper limit rates, established for each type of service, for a unit of service.

"Actual cost" is reasonable and allowable cost, based on year-end cost reports and Medicare principles of reimbursement as described at 42 CFR Part 413 and in HCFA Publication 15-1.

"Provider of Services" means any private or public agency that provides direct substance abuse treatment services and is certified by the State as meeting applicable standards for participation in the DMC Program, as defined in the Drug Medi-Cal Certification Standards for Substance Abuse Clinics.

"Unit of service" (UOS) means a face-to-face contact on a calendar day for Outpatient Drug Free, Day Care Rehabilitative, Perinatal Residential Substance Abuse Services, and Naltrexone Treatment Program services. For these services, only one unit of service per day is covered by DMC except for emergencies when additional face-to-face contact may be covered for unplanned crisis intervention. To count as a unit of service, the second contact shall not duplicate the services provided on the first contact, and the contact shall clearly be documented in the beneficiary's patient record. For Narcotic Treatment Program services,

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Citation	Condition or Requirement
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"Unit of Service" means each calendar day a client receives services, including take-home dosing.

"Legal entity" means each county alcohol and drug department or agency and each of the corporations, sole proprietors, partnerships, agencies, or individual practitioners providing alcohol and drug treatment services under contract with the county alcohol and drug department or agency or with ADP.

**B. REIMBURSEMENT METHODOLOGY**

I. The reimbursement methodology for providers of DMC Outpatient Drug Free, Day Care Rehabilitative, Perinatal Residential Substance Abuse Services, and Naltrexone Treatment Program services, is based on the lowest of:

- a. The provider's published or customary charge to the general public for providing the same or similar services;
- b. The provider's allowable costs of rendering these services; or
- c. The SMA established in Section C below, as defined by ADP and approved by DHS.

The above reimbursement limits are applied at the time of settlement of the year-end cost reports. Reimbursement is based on comparisons to each provider's total, aggregated allowable costs after application of SMA to total aggregated published charges, by legal entity.

2. The reimbursement methodology for providers of DMC Narcotic Treatment Program services is based on the lower of:

- a. The provider's published or customary charge to the general public for the same or similar services, or
- b. The uniform statewide monthly reimbursement rate established in Section D below, as defined by ADP and approved by DHS.

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State/Territory: California

Citation	Condition or Requirement
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C. SMA METHODOLOGY FOR DMC OUTPATIENT DRUG FREE TREATMENT, DAY CARE REHABILITATIVE TREATMENT, NALTREXONE TREATMENT, AND PERINATAL RESIDENTIAL SUBSTANCE ABUSE SERVICES

"SMA" are based on the statewide median cost of each type of service as reported in the year-end cost reports submitted by providers for the fiscal year, which is two years preceding the year for which SMA are published.

D. UNIFORM STATEWIDE MONTHLY REIMBURSEMENT RATE METHODOLOGY FOR DMC NARCOTIC TREATMENT PROGRAMS

The uniform statewide monthly reimbursement rate is based on the averaged daily cost of dosing and ingredients and ancillary services described in Section E, based on the annual cost per patient and a 365-day year, using the most recent and accurate data available, and in consultation with DHS, narcotic treatment providers, and county alcohol and drug program administrators.

E. ALLOWABLE SERVICES

Allowable services and units of service are as follows:

<u>Service</u>	<u>Unit of Service</u>
Day Care Rehabilitative Treatment	Minimum of three hours per day, three days per week.
Outpatient Drug Free Treatment	Individual (50-minute minimum session) or group (90-minute minimum session) counseling.
Perinatal Residential Substance Abuse Treatment	24-hour structured environment (excluding room and board).
Naltrexone Treatment	Face-to-face contact per calendar day for counseling and/or medication services

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Citation	Condition or Requirement
Narcotic Treatment Programs (aggregate rate consisting of four (4) components)	
1. Core	Intake assessment, treatment planning, physical evaluation, drug screening, and physician supervision.
2. Laboratory Work	Tuberculin and syphilis tests, monthly drug screening, and monthly pregnancy tests of female LAAM patients.
3. Dosing	Ingredients and dosing fee for methadone and LAAM patients.
4. Counseling	Minimum of fifty (50) minutes to be provided and billed in ten (10) minute increments, up to a maximum of 200 minutes based on the medical needs of the patient.

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